



## Legislative Bulletin.....UPDATE: Week of March 5, 2001

### Contents:

#### H.R. 3 – Economic Growth and Tax Relief Act

---

### H.R. 3—Economic Growth and Tax Relief Act (Thomas)

**Order of Business:** This bill will be considered on Thursday, March 8, 2001, subject to a rule.

### Summary:

- 1) Creates a new low-rate bracket retroactive to the first of this year:

#### Taxable Income

Calendar Year	Singles	Heads of Household	Married -Joint Returns	Proposed New Rate
2001-2002	0-\$6,000	0-\$10,000	0-\$12,000	12%
2003-2005	0-\$6,000	0-\$10,000	0-\$12,000	11%
2006	0-\$6,000	0-\$10,000	0-\$12,000	10%
2007 and later	Adjust	annually for	inflation	10%

- 2) Adjusts the 15% bracket to begin at the end of the new bracket.
- 3) Reduces the 28%, 31%, 36% and 39.6% brackets based on the following schedule:

Calendar Year	28% Rate Reduced to:	31% Rate Reduced to:	36% Rate Reduced to:	39.6% Rate Reduced to:
2002	27%	30%	35%	38%
2003	27%	29%	35%	37%
2004	26%	28%	34%	36%
2005	26%	27%	34%	35%
2006 and later	25%	25%	33%	33%

- 4) Repeals the present law provisions that offset the refundable child credit and the earned income credit by the amount of the alternative minimum tax.

Under current law, the Secretary of the Treasury is authorized to revise withholding tables to reflect the new tax rates.

**Additional Information:** The measures reported from the Ways and Means Committee reduces revenues by \$141 billion (over the 2002 through 2011 period) more than the proposal submitted by the President. The President's proposal did not call for making any of the income tax cuts retroactive and did not include changes to the Alternative Minimum Tax. Many Members, however, feel that we should go further than both the President's and the Ways and Means' proposals and make each rate reduction retroactive.

**Cost to Taxpayers:** According to the Joint Committee on Taxation, the bill will allow American taxpayers to keep \$958.2 billion more of their own money (FY 2001 through FY 2011).

**Does the Bill Create New Federal Programs or Rules?:** No.

**Constitutional Authority:** The 16<sup>th</sup> Amendment to the Constitution grants Congress the power to lay and collect taxes on incomes.

**Staff Contact:** Neil Bradley, x6-9717

---

---

The views expressed in Legislative Bulletin may not reflect the views of all Members of the Republican Study Committee.